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ABSTRACT

Based on the experiences of 415 employers who had child care programs in 1982, this paper summarizes material presented in the major report of the National Employer Supported Child Care Project (NESCCP). Initiated in response to employers' growing interest in child care, the NESCCP aimed to assist businesses by: (1) describing existing employer-supported child care activities throughout the United States; and (2) developing materials to help employers determine whether child care might make sense for their organization and, if so, how to set up an appropriate program. The project was conducted between 1981 and 1983 by the Child Care Information Service of Pasadena, California. Sections of this executive summary focus on the context for employer-supported child care, benefits of child care for employers, characteristics of employers and their child care programs, tax advantages for employers who support child care, further steps for employers who may wish to become involved in child care, and employer-supported child care options. Four categories of options are described: flexible personnel policies, information programs, financial assistance, and direct services. (RH)

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EMPLOYER SUPPORTED CHILD CARE: INVESTING IN HUMAN RESOURCES

Executive Summary of the

NATIONAL EMPLOYER SUPPORTED CHILD CARE PROJECT

Patricia Divine-Hawkins and Raymond C. Collins

PS 018446

The National Employer Supported Child Care Project
Conducted by
The Child Care Information Service of Pasadena, California
Through a Cooperative Agreement With
The Administration for Children, Youth and Families,
Office of Human Development Services,
Department of Health and Human Services
Washington, D.C. 20013

FORWARD

The Department of Health and Human Services, Office of Human Development Services is pleased to present the National Employer Supported Child Care Study

This Administration is committed to enhanced development of the private sector as well as to helping American families in their child rearing and work-related roles. Changing family and career patterns in America place increasingly greater numbers of mothers in the workforce and more children need care at younger ages than ever before. Employers need a workforce which is motivated, reliable, and productive; parents need care for their children which is affordable, accessible and appropriate to their unique family circumstances if they are to fulfill their work and family roles.

The National Employer Supported Child Care Project was initiated in response to growing interest among employers as to how child care might benefit both themselves and their employees. Based on the actual experiences of 415 firms with child care programs, this project is designed to help employers explore whether child care might make sense for their companies and, if so, what options might be most appropriate. To help insure that materials would be useful to employers, the project was assisted from its inception by an advisory board composed of representatives from major corporations, business associations, employee unions, and employer supported child care programs.

Sponsored by the Administration for Children, Youth and Families, the National Employer Supported Child Care Project, represents one of several child care initiatives funded by the Department to assist employers in developing child care programs which benefit both themselves and the families who make up the nation's workforce. During the spring of 1983, in cooperation with the Administration for Children, Youth and Families, the President's Advisory Council on Private Sector Initiatives launched a series of forums for Chief Executive Officers to outline the benefits of child care for employers and outline possible ways for businesses to be involved. In addition, a number of research and development projects are underway to more fully document costs and benefits of employer supported child care as well as to develop various program options. Most of these projects will be completed in 1984.

Dorcas R. Hardy
Assistant Secretary

July, 1983

HIGHLIGHTS ON EMPLOYERS AND CHILD CARE

This Executive Summary of the National Employer Supported Child Care Project is one of several materials developed to assist employers who may wish to consider some level of child care activity in their companies.

Based on the experiences of 415 employers who had child care programs in 1982, this paper summarizes material presented in the major document for this project, Employer Supported Child Care: Investing in Human Resources.

Highlights of this summary:

** More women in the work force means greater demand for child care.

** Child care programs can yield benefits for employers as well as working parents.

** Employer supported child care is increasing rapidly.

** A variety of child care program options exist which can be tailored to the unique needs of companies and employees.

** Materials have been developed to assist employers in deciding whether and what kind of child program might make sense for their company.

NATIONAL EMPLOYER SUPPORTED CHILD CARE PROJECT: EXECUTIVE SUMMARY

INTRODUCTION

The National Employer Supported Child Care Project was initiated in response to growing interest among employers about child care and the possible benefits of child care related activities for them and their employees.

The principal objectives of the National Employer Supported Child Care Project were to assist businesses by: (1) describing existing employer supported child care activities throughout the United States; and (2) developing materials to help employers determine whether child care might make sense for their organization and, if so, how to set up an appropriate program.

The project was conducted between 1981 and 1983 by the Child Care Information Service of Pasadena, California, through a cooperative agreement with the Administration for Children, Youth and Families, Office of Human Development Services, Department of Health and Human Services.

CONTEXT FOR EMPLOYER SUPPORTED CHILD CARE

Unprecedented numbers of mothers with young children are now working.

In the past generation, there have been dramatic increases in the number of women working full or part time. This is true of all women, regardless of marital status, age of children or ethnic background. It is true of the middle class as well as the poor and occurs in all parts of the country.

- The dual career family has become the dominant mode, with 60 percent of American families now in this category.
- Over the past decade, the number of single parent families--most of them headed by working mothers--has doubled to 6.6 million or about 20 percent of all families nationally.
- Mothers with preschool children represent a large and growing segment of the labor force. In 1950, only 12 percent of mothers with children less than six years of age were in the labor force; by 1982, 50 percent were employed.

- Not only are there more women with young children working today, but they are entering or returning to the labor force earlier after the birth of a child. Among women with a child under one year, nearly a third of married women and 40 percent of single mothers are working.

- Women, like men, work primarily out of economic need. Nearly two-thirds of women in the labor force are single, widowed, separated, divorced, or married to men earning less than $10,000 a year.

The surge of mothers into the labor force has created a spiralling demand for child care.

- In March, 1982, there were 18.5 million children under six years of age in the United States. Of this number, 8.5 million, or 46 percent, had working mothers. Census projections indicate that there will be over 10 million preschoolers with mothers in the labor force by 1990.

- In 1981 there were an estimated 16 million children aged 5-13 whose mothers work. Many of these children, known as "latch key" children because of the house keys they wear around their necks, have no supervision before and after school or during holidays.

- Children in single parent homes are particularly affected by the trends in female labor force participation. The percentage of children in single parent families has increased over the past decade from 12 percent in 1970 to 20 percent in 1981.

- The child care market is not structured to respond easily to increasing demand. Costs are frequently high and facilities may not be located in areas which are accessible to working parents. Many communities have an insufficient supply of child care to meet existing demand. This is particularly true for infants and toddlers, who have not previously needed child care in large numbers, and for school age children, for whom age appropriate care options are largely lacking in most communities.

Labor force participation of women and demand for child care will continue to increase.

The demographic trends reflecting women in the workplace are expected to continue through the end of the century with the greatest growth in labor force participation most likely to occur among mothers with children under three. By 1990, nearly half of the total labor force will be women, 80% of whom will become pregnant at least once during their working years. Increasing employment rates for this group will continue to reflect economic needs among young families, changing career aspirations of women and a recent increase in birthrates which is projected to continue into the 1990's. Many of the children have already been born who will need child care during the eighties.

Changing family roles affect workplace attitudes and performance.

The traditional balance between work and family life is being realigned as adults spend more time out of the home and children spend less time with their parents. Increasingly, child rearing responsibilities are affecting the work roles of fathers as well as mothers. In order to effectively carry out their workplace and child rearing roles, families need affordable, quality care for their children and the flexibility to meet family emergencies. Employers, for their part, have a right to expect a motivated, reliable and productive work force.

Businesses are becoming involved in child care to help their employees and to achieve company goals.

In the past several years, the business community has evinced increased interest in child care, both as an employee benefit and as a possible vehicle for achieving company goals with respect to absenteeism, turnover, recruitment, productivity, public relations and other elements of corporate self interest. Between 1978 and 1982, for example, private sector initiatives in child care increased by approximately 395 percent from an estimated 105 employers with operating programs in 1978 to 415 employers reporting programs as of spring 1982. Although the proportion of firms participating in formal child care arrangements remains modest, the trend toward participation is accelerating rapidly. If this continues over the next decade, employer supported child care could respond to an important share of the rising demand for care.

Several nationwide surveys also suggest that child care and other factors affecting work and family life represent growing concerns for corporations. For example, in a survey by Catalyst of 1,300 large corporations, three quarters of the firms cited a concern with two career issues because of their probable effect on recruiting, employee morale, productivity and corporate profits. A separate national study conducted by General Mills showed substantial support among parents, human resource officers, and labor leaders for the idea that corporations could make it easier for working parents to combine work and career development with family responsibility and meeting their children's needs.

BENEFITS OF CHILD CARE FOR EMPLOYERS.

The findings reported below are based on written questionnaires and telephone conversations with 415 employers identified in the National Employer Supported Child Care Project. These employers, thought to represent nearly all companies with programs at the time this project was conducted, were identified primarily through companies known to be involved in child care, child care advocates, program directors, State day care agencies, and individuals with a

knowledge about employer supported child care. In addition, business and professional organizations were contacted as were labor unions and groups with an interest in working families.

Many firms have found that child care can enhance their principal business activity.

Employers report benefits of child care in the following major areas:

- o Reduced turnover
- o Reduced absenteeism
- o Improved recruitment
- o Increased productivity
- o Enhanced public relations and company image

Child care programs can help reduce turnover

Out of the total 415 companies surveyed in this study, 179 (43 percent) responded to questions regarding the effect of their child care program on turnover. Among these 179 firms, nearly two thirds attributed some reduction in turnover to their child care program. Three fifths of these companies placed child care in the top half of methods used to reduce turnover. An additional 15 percent ranked it in the top quartile of effective methods. Eighteen companies were able to provide actual data. These firms showed an average turnover rate for child care users of 19 percent against an average 44 percent turnover for all employees, an improvement in turnover of 25 percent.

Child care programs can help reduce absenteeism

Among the 415 companies, 179 (43 percent) also provided information about the effect of child care on absenteeism. Of these, 95 companies (or 53 percent of respondents) reported that child care reduced absenteeism in their organizations. Among companies reporting an improvement, 56 percent ranked child care in the top half of methods used to reduce absenteeism while about a sixth placed their child care activities in the top quartile of effective practices.

Child care can help improve recruitment of needed employees

One hundred seventy-eight companies (43 percent) mentioned that child care had an effect on recruitment. Of these companies, 151 (85 percent of those responding) reported gains in recruitment, particularly in occupations related to secretarial/clerical work, computer programming and key punch operations, assembly work in textile manufacturing, canning and high technology, and a wide variety of medical fields. Three quarters placed child care in the top half and about a third in the top quartile of effective recruitment techniques.

Child care can help increase productivity

One hundred seventy of the 415 employers (41 percent) reported on productivity. Among these companies, about half (49 percent) indicated that child care has had a positive influence on productivity in their companies. Nearly two-fifths of those reporting mentioned that the child care program has positively affected the quality of products of services in the company.

Public relations and company image can be enhanced by a child care program

Forty-three percent of the 415 companies responded to questions regarding public relations and company image. Approximately nine out of ten responding employers indicated that public relations, publicity, and corporate image had improved as a result of their child care activities. Three quarters of these firms ranked child care in the top 50 percent of methods used to enhance their public image; over a third said child care was among the top 25 percent of effective practices. These companies also reported an average of 12 annual appearances in local and national media, typically business journals, trade publications, newspapers, and television news programs.

All of the findings cited above refer primarily to employer's perceptions of benefits accrued from their child care programs. In every area, however, there were a number of companies who believed that child care had no effect. This group generally accounted for approximately a fifth of the firms surveyed. Virtually no companies reported adverse effects. Other employers indicated that the effects of their child care activities were not known, either because the programs were too new to be evaluated or because there were insufficient data on which to base a valid judgment. Many of the 195 companies which provided indirect services through employee vouchers or information and referral programs indicated that specific corporate benefits derived from these types of services were too difficult to ascertain.

EMPLOYER SUPPORTED CHILD CARE PROGRAMS WITH REPORTED BENEFITS

Neuville-Mobile Sox Child Care Center

Neuville-Mobile Sox, Inc., sells and distributes hosiery. This company owns and operates a child care center at its rural Hildebran, North Carolina site. The plant has 87 employees, about a quarter of whom utilize the day care center which serves 39 children from infancy through school age. Parents pay $25 per week for their children's care.

According to company president, Steve Neuville, the child care program is one of the three most important factors in cost savings for the company, along with an attractive salary structure and competitive benefits.

In an industry which averages 50-100% annual turnover, the retention of valued workers was a primary reason for offering child care services. The company reports an overall turnover of less than 10%. The president notes that the child care center probably affects the turnover of both users and non users as parents stay who are not currently using the center but will in the future or did in the past. Recruitment has also been improved. When the center was opened, unemployment in the local labor market was less than 3% and there was high competition for workers among the textile and furniture manufacturers which make up approximately 80% of the labor market in that area. During the first week the center was advertised, the company received 200 applicants for 50 positions, and during the first two months, 95% of the applicants indicated they had applied because of the child care services.

Productivity at Neuville-Mobile Sox, says Steve Neuville, is higher than the norm for comparable industries in the area, and absenteeism in the company runs about 1% in contrast to an estimated local industry average of 5-10%. According to Steve Neuville, the child care center has eliminated many reasons for worker absences. Publicity for the company has also increased as a result of the child care program which has been featured in national and local publications and on television.

According the Mr. Neuville, the child care center is good for company morale and contributes to the company goal of maintaining a family atmosphere. "Even the employees who can't use the center are proud they work for a company that cares about mothers and their children."

Intermedics Child Care Center

Intermedics, Inc., a manufacturer of pacemakers in Freeport, Texas, owns and operates an off-site child care center for children of Intermedics employees. Established in 1979, the center serves approximately 260 infants and preschoolers. The company subsidizes the cost of care to parents, provides space and donates in-kind services.

According to Alice Duncan, child care program director, job turnover rate at Intermedics decreased by 23% in the first year and 37% in the second year of center operation for a total decrease of 60% in two years. During the first year, reduced absenteeism also saved the company an estimated 15,000 work hours. These reductions in

turnover and absenteeism reportedly saved the company more than $2 million in the first two years of operation. Other areas in which the child care center is believed to have benefited the company include improved employee morale, increased productivity, better community image, and enhanced recruitment of new employees.

Because of the success of this project, Intermedics is planning a new center near Houston.

PCA Child Care Center

PCA, Inc., is a photographic company specializing in children's portraiture, with studios in K-Mart, Woolco and other large stores. The child care center is located in Matthews, North Carolina where PCA maintains a work force of 1150 employees.

The center serves employees' children from infancy to age nine, providing full time care for preschoolers and extended day care for school age children who also receive full time care during holidays and summer vacation. The center is open from 7:45 A.M. to 12:30 A.M., covering two work shifts on weekdays, and is also open Saturdays as needed. The center is licensed for 175 children, for whom it provides a comprehensive educational program. Parents and the company share about equally in the cost.

According to the company, "Human relations is the number one benefit to the company. Parents with children in the center are more secure. Our facility is a point of pride, not just for the empoyees who use it but for all our employees."

Absenteeism due to child care problems has been reduced at PCA because "we are here and we are open." In addition, the turnover for parents who use the center has been less than 1% of the overall company turnover rate since PCA began keeping records in 1976. The company estimates a reduction of 25 turnovers per year due to the child care center with an annual savings of $50,000. This is considered to be a conservative estimate by the company.

The center is estimated by the company to be worth $30,000 as a recruitment aid. During 1979-1981, PCA received 7800 unsolicited applications in a labor market with an unemployment rate at that time of 2-3%. According to the company, other local companies had very few non-recruited applicants. PCA also estimates public relations from the program to be worth $30,000 annually. The company had received unsolicited positive publicity in newspaper and magazine articles, television and radio coverage and features in trade publications. In addition, PCA saves approximately $10,000 in child modeling fees while parents get free portraits of their children.

Sioux Valley Hospital Child Care Center

Sioux Valley Hospital is a community general hospital with schools of nursing, radiology and medical technology. This hospital is located in Sioux Falls, South Dakota.

In August, 1980, the hospital opened an on-site child care center for 135 infants, preschoolers and schoolage children before and after school. The center's hours accomodate the special scheduling needs of the health care industry, and is open 365 days a year from 6:00 a.m. to midnight as well as during the night shift as needed.The center is subsidized by the hospital with a portion of the cost paid by parent fees.

The program is considered highly successful by the hospital which reports that company-wide turnover has decreased since the establishment of child care services. Parents using the child care program have a turnover rate of 24% compared to an average of 33% for the rest of the company. Prior to the availability of child care, the turnover rate for parents eligible for the program was 40%. The company estimates annual savings of approximately $160,000 through reduced turnover. Overall company absenteeism has also decreased since the child care center opened. The company conservatively estimates the value of reduced absenteeism among child care users to be approximately $90,000 annually.

The child care program has helped Sioux Valley hospital recruit in targeted job categories and is considered by them to be "a tremendous asset for retention and for recruitment of a large number of female workers in short supply such as RN's, LVN's, Medical technologists, and X-ray technicians."

The hospital reports that the center has also had a positive effect on quality of the overall work force; productivity; quality of service; employee work satisfaction, motivation, morale and commitment; ability to provide equal emplyment opportunity, and scheduling flexibility. According to the hospital, parent employees have indicated that the child care program is "the best benefit they have."

Steelcase Information and Referral Program and Family Day Care System.

Steelcase, Inc., is a manufacturer of office furniture located in Grand Rapids, Michigan. This company operates an on-site information and referral (I&R) service for employees which is linked with the local child care licensing agency. The I&R obtains lists of licensed day care centers and family day care providers, screens

providers for current openings, and provides information to employees about facilities with appropriate openings for their children.

In addition to the information and referral service, Steelcase operates a family day care system. The Steelcase child care coordinator makes periodic visits to the family day care home, provides training and materials, and operates a toy lending library. As this program has become known in the community, it has become a focal point for women wishing to establish family day care programs in their homes.

According to the company, one of the benefits of their program is that Steelcase has "received some national recognition. The publicity was unsolicited and positive in content."

CHARACTERISTICS OF EMPLOYERS AND THEIR CHILD CARE PROGRAMS

Employer supported child care has increased substantially since 1978, with a wider variety of employers and a broader range of programs represented.

- The 415 identified programs reflect an increase of 395 percent over the 105 programs located in 1978. Nearly half of these employers (197) are industrial firms, representing the group with the highest rate of increase since 1978 when only 9 industrial employers had child care programs. The second largest increase occurred in health care organizations which accounted for 195 employers in 1982 (up from 75 hospitals in 1978). Seventeen public agencies sponsored child care programs in 1982 (up from 14 in 1978) as did 6 unions (down from 7 in 1978).

- In 1978, nearly all child care programs were on-site or near-site centers. By 1982, center programs accounted for approximately half of all employer supported child care with an additional quarter of the companies supporting child care within the community. The remainder support family day care systems, child care information and referral programs, employee reimbursement programs and parent education.

Employers who support child care programs encompass a wide range of characteristics.

- Companies with employer supported child care programs ranged in size from less than 100 employees to more than 5,000 workers.

Thirty-four of these companies served fewer than 10 families through their child care program and 41 companies served more than 100 families. The majority of employers with center programs had between 1,000 and 5,000 employees at the location where child care was offered. For the most part, larger programs tended to provide direct services through on site or near site centers while smaller programs were more likely to support employees' child care indirectly through vouchers for care at community child care facilities, information and referral programs, or corporate donations to community child care facilities.

- While interest in employer supported child care has become increasingly apparent in the past several years, a number of companies have child care programs of long standing. Sixty companies, representing 14 percent of the total, had programs which have been in operation for more than 10 years. By contrast, 80 companies had been involved in child care for less than one year. The majority of employer supported child care programs in this study had been in operation for less than five years.

- Employer supported child care appears in nearly every state but is most heavily concentrated in California, Florida, Illinois, Massachusetts, Minnesota, Missouri, New York, Ohio, Pennsylvania, Texas, Wisconsin and the District of Columbia.

- Companies which support child care tend to have a heavy concentration of women in the work force. In these companies, on average, nearly three quarters of the employees are women.

- Although child care programs tend to be concentrated in companies with a high proportion of women, both male and female employees avail themselves of the service. Only 28 companies reported that no men utilized child care services whereas in 245 firms men accounted for up to 50 percent of the child care users.

- Both two-parent working families and single parents utilized employer supported child care services.

- Many companies shared the sponsorship and support of child care with other firms. In this study, 127 companies reported that another company was involved.

- Nearly a fifth of companies received some form of public support for their child care programs, generally through Title XX (Social Services Block Grant), the USDA Child Care Food Program, or local public agencies.

TAX ADVANTAGES FOR EMPLOYERS WHO SUPPORT CHILD CARE

Both employers and employees benefit from federal tax provisions. In addition, a number of States have either passed child care tax incentives or are considering new measures.

- With few exceptions, the costs of child care benefits qualify as deductible business expenses and accelerated depreciation may be allowed for tangible child care assets. In addition, employers may be allowed tax credits on a portion of their child care investment. In some cases, child care expenditures may qualify as charitable deductions.

- Beginning in 1982, as part of the Dependent Care Assistance Program of the Economic Recovery Tax Act of 1981, the value of child care assistance provided by employers can be treated as a tax free benefit for employees. Another statutory provision, the Cafeteria Plan, allows child care to be offered as one in a "menu" of benefits from which employees may select optional items that meet their individual needs.

- The Child Care Tax Credit allows parents to claim up to 30% of their child care expenses. Child care assistance provided by an employer is tax free to the parent. This provision can also benefit employers by reducing the extent of their financial support for employees' child care.

EMPLOYER SUPPORTED CHILD CARE OPTIONS

Employer supported child care encompasses many different types of arrangements reflecting the differing characteristics of businesses, composition of the workforce and company goals.

These programs can be grouped into the following four categories, drawn from the experience of the above employers as well as information from other firms:

Category One: Flexible Personnel Policies

Category Two. Information Programs

Category Three. Financial Assistance

Category Four. Direct Services

CATEGORY ONE: FLEXIBLE PERSONNEL POLICIES could be adapted by most firms and would benefit employees with a wide spectrum of child care circumstances.

Flexible Working Arrangements such as flextime, job sharing, and part-time work all enable parents to care more easily for their children and facilitate the handling of emergencies, sickness, and care for children during non-school hours.

Flexible Leave Policies can enable parents to be at home when children are ill. Many working parents would prefer to use their sick leave for children as well as themselves. Flexibility in the utilization of leave time, with specific allowance for sick child leave, represents an important support for these families.

At Home Work may be an important employment option for the future. As companies convert more of their operations to computers, more employees will be able to work out of their homes. Several major corporations are now examining jobs which may enable parents to care for their children at home and fulfill their job functions at the same time.

CATEGORY TWO: INFORMATION PROGRAMS often represent a cost-effective means to assist working families in making use of available community resources.

Child Care Information and Referral Programs (CCIR's) provide general information about child care, suggestions for parents on selecting high quality care and referrals to local child care providers. Many communities now have comprehensive information and referral programs and others are looking for ways to develop CCIR's, drawing on a variety of local groups and resources.

Thirty-six companies were identified whose primary child care program was a CCIR. An additional six firms offered CCIR along with another child care service. Employer supported CCIR programs were either operated in house, through contracts with local CCIR agencies, or by a consortium of employers. This option is often selected as an interim step while an employer decides whether a more comprehensive service is appropriate. Child care information and referral services can be used to help examine the existing supply of child care in the community as well as its availability, accessibility and affordability for employees.

Parent Education Programs inform working parents about resources at work and in the community, provide support systems involving other parents and professionals, and create a forum for discussion of work and family issues. They often include counseling, medical referral, programs on family well being, and courses in child development, early childhood education and helping children with special needs. Employers frequently use these types of programs as a foundation for more direct involvement in child care.

Of the 415 companies which participated in the National Employer Supported Child Care Project, 66 had a parent education program. In 43 of these organizations, parent education was viewed as an adjunct to the primary child care service; in 23 companies parent education was the sole or principal form of support for working parents.

SELECTED INFORMATION PROGRAMS

** Citibank N.A. in New York City has a Staff Advisory Services Department which offers parenting seminars and referral to community child care facilities.

** The Community Coordinated Child Care for Central Florida, Inc., in Orlando acts as a broker for employers, providing information and referral services to parents, administering corporate donations which subsidize the cost of employees' child care, training providers, evaluating quality of services and providing other support as needed.

** COPE in Boston, Massachusetts, organizes "parent fairs" in shopping malls, office parks, and companies. These fairs include information on issues of concern to parents as well as materials describing local agenies and their services.

** Honeywell Inc., in Minneapolis, Minnesota, has donated money and managerial time to assist a local child care organization develop a computerized information and referral service which may be used by other employers as well as providers and parents. Honeywell also runs parent seminars focused on family-work issues and improving the quality of work and family life. In addition, Honeywell provides support for local community child care programs.

** Mountain Bell, in Denver, Colorado employs a full time staff consultant to conduct seminars for employees as well as to provide information and referral services.

CATEGORY THREE: FINANCIAL ASSISTANCE PROGRAMS can increase parent options and facilitate arrangements which meet families' unique child care needs when the supply of child care services in the community is adequate. Financial Assistance Programs are generally less expensive to employers than company owned and operated child care centers and require relatively little direct involvement from the company.

In the National Employer Supported Child Care Project, approximately a fourth of employers reported that they support community child care services through grants to community child care planning or advocacy groups, charitable contributions, contracting for child care slots or special services, and in-kind donations. In return, employees often receive a discount on tuition or priority admission. A few employers provide financial assistance to families through vouchers issued directly to parents for their child care expenses.

Flexible Benefits Plans allow employees to choose a benefit package which best suits their individual family circumstances. A core of mandatory benefits is included with optional benefits selected according to such factors as age, pay, years of service, and family status. Child care is often cited as a potential benefit in this type of plan.

Vendor Programs involve the purchase of slots in existing community child care programs. These slots are then sold to employees, frequently at a reduced rate. The company can retain control over the purchased slots and can reassign them when an employee no longer needs the service. As with other alternatives, this type of program can be contracted to an intermediary organization which handles the details for the employer.

Voucher Programs allow employees to select a child care program and submit a voucher to cover all or part of the cost for services. This alternative may be somewhat more flexible than vendor programs and places control over selection of care providers in the hands of parents. It can be utilized for informal arrangements between families and home-based providers in the neighborhood as well as for formal day care facilities.

Charitable Donations of money and in-kind resources frequently enable existing community child care facilities to provide services at a reasonable cost for working families.

Flexible Spending Accounts represent a concept in which an employee's gross salary is reduced at the employee's request by the amount of his expenses for child care. The advantage of this option is that employees are not taxed on the reduced amount of salary and will receive higher net pay after taxes. Employers may also contribute to the account and may be eligible for tax advantages from this arrangement.

SELECTED FINANCIAL ASSISTANCE PROGRAMS

** Children's Hospital and United Hospital in St. Paul, Minnesota offer a 50% child care reimbursement for nurses who work straight night shifts.

** Polaroid Corporation, in Cambridge, Massachusets operates a nationwide child care voucher program for employees with family income less than $20,000 per year. The amount of subsidy is determined according to a sliding scale. This program reimburses care of the parent's choice from licensed day care centers or family day care homes.

** Title Data, in Denver, Colorado reimburses 50% of the cost of any child care selected by the employee.

CATEGORY FOUR: DIRECT SERVICES is the most common form of child care program now reported by employers. Nationally about half of the employers with child care programs provide some form of direct services:

On-site or near-site child care centers represent the most prevalent model of employer supported child care. Center programs can offer reliable, quality care with trained caregivers and educational programs. When on or near the work site, they provide convenience for parents and the opportunity for contact with their children during the day. Parents may, for example, spend lunch hours with their children and mothers of infants are sometimes able to continue nursing during the first few months.

- Among the 415 employers with child care programs, fully half (211) operated child care centers. The bulk of these programs were affiliated with 152 hospitals followed by 42 firms in business and industry, 13 government agencies and 4 labor unions.

- These programs principally served employees' children; however, about a fourth also enrolled children from the community.

- Children of all ages are served in employer supported child care centers; 131 centers include infants and toddlers; 198 include children aged 2-15; and 85 serve schoolage children. Fifty four programs accept children from infancy through school age.

- Companies reported that their child centers supply a number of supplemental services for the day care children or their families. Examples include meals (117), counseling for parents (54), parent discussion groups (66), medical services (51), counseling for children (33), dental services (11), and transportation (14).

- Organizationally, employer supported child care centers take five forms: (1) the center may be owned by the company and operated as a separate department or part of an existing department; (2) the center may be organized as a separate profit-making subsidiary of the company; (3) the center may be established as a separate non-profit corporation; (4) the center may be set up as a separate non-profit agency established in consortium with other employers; and (5) the center may be owned and managed by an outside organization such as a child care management firm.

Family day care is provided in the home of the caregiver. Representing the most prevalent form of out of home child care in the United States, family day care currently serves nearly half of all children in care. More than half of the children in family day care are under six years of age, with the majority of these under age three. Family day care is also the most prevalent before and after school care for older children whose parents work. Family day care homes generally serve no more than six children, with fewer children if infants and toddlers are present.

- o Although family day care has not played a large role in employer supported child care in the past, a few employers are beginning to become involved. Employers may develop family day care systems which establish flexibility in hours for parents who work odd shifts or overtime, provide care for children when they are ill or their regular care is not available, and facilitate supervision for children during school holidays or emergencies. Families with several children may prefer family day care so that all of their children can be with a single provider. Such arrangements are often located near the child's home, thus providing continuity in neighborhood experience. In the National Employer Supported Child Care Project, five employers were located who provide family day care as a primary service and four as an adjunct service to other programs.

- o Family day care offered in conjunction with center-based programs can yield a number of advantages to families and employers. For example, satellite family day care systems are emerging as a potential vehicle for hospitals where care is needed by medical personnel around the clock. Such systems also can increase flexibility for parents, children and providers, provide a wider range of services and meet the special needs of individual children and families.

In-Home Care, provided in the child's own home, either by a relative or non-relative caregiver has been the most common type of child care in the United States. In the past, in-home care has generally been preferred by parents for infants and young toddlers whose mothers represent the newest wave of women in the labor force. This form of care is thus becoming less available to working families.

- o Employers in the National Employer Supported Child Care Study did not develop programs which directly utilize in-home providers; however, some voucher systems allow for the purchase of in-home care by parents which is reimbursed wholly or in part by their employers.

Consortium Arrangements represent a growing trend in which groups of employers work together to develop and support a child care program. This may take the form of funding for a day care center conveniently located in relation to all firms contributing to the consortium. Consortia also support information and referral programs as well as family day care homes. The consortium approach is often feasible in industrial parks, office building complexes or downtown areas with a high density of workers. Consortia also meet the needs of small employers who may wish to share the cost and services of a child care facility.

SELECTED ON-SITE OR NEAR SITE CENTERS

** The Amalgated Clothing and Textile Workers Health and Welfare Fund operates child care centers in Baltimore, Maryland, Chicago, Illinois, Chambersburg, Pennsylvania and Verona, Virginia. The centers are open to union members and are financially supported by companies which employ union personnel.

** The Baptist Medical Center in Little Rock, Arkansas has operated a child care enter for the past 25 years. The current program, licensed for 117 children from the age of six weeks, is open from 6 A.M. to midnight every day. During the summer, care for school age children is coordinated with a recreation program operated by a local church. The program also provides care for sick children. The hospital funded the entire development of the center and supports approximately 50% of ongoing costs. Program expansion is planned to accomodate many of the nearly 100 employees on the waiting list for this service.

** Hoffman La Roche, Inc., a manufacturer of pharmaceuticals in Nutley, New Jersey, operates a developmental program for children aged 2 1/2 to 7 years. Established in 1977, the program has stringent requirements for teaching staff and a number of supplemental services, including health screening, speech therapy, parent education and information and referral. The company plans to expand this program in the future.

** Opp and Nicholas Mills, a textile company in Opp, Alabama which employs over a thousand workers, runs a kindergarten program for employees' children across the street from the company plant. This 50 year old program is such an established part of the company that the Personnel Director reports "it has become an accepted institution and no one ever talks about getting rid of it. The cost is absorbed by the company willingly."

** The Stride Rite Corporation, a shoe manufacturer located in Boston, Massachusetts, has maintained an on-site center since 1971. The company provides subsidy and in-kind services to the center which serves approximately 55 preschool children.

SELECTED EMPLOYER SUPPORTED FAMILY DAY CARE SYSTEMS

** The Children's Home Society of California developed a family day care network to serve employees of Children's Hospital, Merritt Hospital, Providence Hospital, and Peralta Hospital in Oakland.

** Dart Industries, in Los Angeles, California, awarded a grant to the UCLA Child Care Services and the Santa Monica Child Care information Service to recruit and train family day care providers as well as inform local parents about family day care. This project, "Family Day Care: WESTS," has already increased the number of qualified family day care providers in the Los Angeles area.

** The Illinois Masonic medical Center in Chicago, Illinois sponsors a network of family day care homes in addition to its child care center. While the center serves older preschool children, the family day care system provides care for infants and toddlers.

** The Pall Corporation of Long Island, New York donated funds to the Harbor Day Care Center to establish a satellite infant-toddler family day care program. Providers receive support services, including vacation pay, sick pay, student nurse visits, and help in referring parents to other community resources. The program is open to the community as well as to company employees.

SELECTED CHILD CARE CONSORTIA

** Broadcasters' Child Development Center was initiated in 1980 as a project of the Washington, D. C. Chapter of the National Academy of Television Arts and Sciences, and is supported by a consortium consisting of the Academy, WJLA, WDVM, WRC/NBC T.V., WMAI Radio and WTTG. This program is licensed for 60 children from 3 months to 5 years of age. Approximately one-fourth of the children have parents employed by one of the supporting companies.

** The Clayton Missouri Child Care Consortium consists of Apex Oil, Metropolitan Life Insurance Company, General Dynamics, Brown Shoe Company, Clayton Times, Chamber of Commerce and other local firms, support the Clayton Child Center as a community service. This program is a private nonprofit center for 110 children from one year of age to kindergarten. Summer care is also offered for school age children.

** The Garden City Downtown Day Care Center, a nonprofit program serving children in the downtown area of Missoula, Montana, is a project of City of Missoula, Banker's Clearinghouse, The Missoulian, Montana Power Company, First Federal Savings and Loan and Champion Products. About 20% of the children attending the center have parents employed by one of the contributing organizations. The remainder are from the community.

** The Gillette Company, First National Bank of Boston, John Hancock Mutual Life Insurance Company, and Federal Reserve Bank of Boston all contract with the Child Care Resource Center in Cambridge, Massachusetts, a nonprofit agency, to provide information and referral for employees.

** MASCO is a service organization for hospitals which established a child care consortium consisting of Harvard Community Health Plan, Jaclyn Diabetes Clinic, Children's Hospital Medical Center, New England Deaconess Hospital, Harvard School of Public Health, Sydney Farber Cancer Institute, and Beth Isreal Hospital. This consortium provides child care information and referral geared to the needs of hospital personnel.

** Mills Memorial Hospital, Peninsula Hospital Medical Center, and Sequoia Hospital in Burlingame, California, contract with the Expanded Child Care Referral Program operated by the Child Care Coordinating Council of San Mateo County. Employees receive specialized information and referral, including evaluation of potential providers, follow-up to ensure appropriate placement and recruitment of providers for odd-hours and weekend care.

NEXT STEPS FOR EMPLOYERS WHO MAY WISH TO BECOME INVOLVED IN CHILD CARE

Before embarking on a child care initiative, employers need to determine whether a child care program makes sense for their company and their employees.

For a program to be successful in achieving company goals, it must truly meet the needs of parents and children it is designed to serve. Most companies have found it appropriate to involve workers at some stage in the planning process. Employers frequently set up a task force to explore child care needs and preferences, resources, options, costs and potential benefits. This process generally involves employee surveys or focused discussion groups composed of various types of employees as well as meetings with community child care experts and sometimes other employers.

In arriving at a child care decision, the following types of questions need to be explored:

- What are the company goals and how might child care contribute to the achievement of specific objectives? How does the concept fit into an overall company philosophy?

- What are the child care needs of current employees? Does the demographic composition of the workforce suggest that child care might be an important factor in employees' work and family lives? What are specific concerns of parent employees?

- To what extent does the existing community child care system meet the needs of employees?

- If some sort of child care program seems worth considering, what options would most likely meet the needs of the company and the employees? Are benefits commensurate with costs?

- Once an option or combination of options is selected, how can the program be effectively implemented? Who can help in the child care community?

To assist employers with these and other questions, the National Employer Supported Child Care Project has developed a number of materials based on the experiences of the 415 employers who participated in this study. This set of materials includes:

- A comprehensive list of employer supported child care programs which briefly describes the programs and types of employer involvement;

- A brochure designed for Chief Executive Officers which explains the concept of employer supported child care, highlights benefits to business and identifies key action steps;

- An executive summary tailored to mid-level executives who are developing corporate plans for child care programs;

- A comprehensive manual for corporate program development staff. This manual, entitled Employer Supported Child Care: Investing in Human Resources, provides extensive information on all of the areas covered in this executive summary. In particular, the manual (1) details benefits reported by employers with existing programs; (2) provides methods and sample materials for for analyzing potential needs, costs and benefits; (3) sets forth program options and highlights employers who are involved in each type; and (4) describes implementation steps for the various child care options;

- A research document providing secondary analyses of the employer data is being prepared as a doctoral dissertation by Sandra Burud, Director of the National Employer Supported Child Care Project for the Child Care Information Service. This document will provide additional information about the employers and their child care programs.

The list of existing programs is currently available from the Child Care Information Service. Employer Supported Child Care: Investing in Human Resources will be published by Auburn House Publishing Company in the Fall of 1983. The Administration for Children, Youth and Families is currently finalizing plans for dissemination of the Executive Summary. The secondary research document, yet to be prepared, is expected to become available sometime in 1984 from the Child Care Information Service.